VZCZCXRO9692 PP RUEHFK RUEHKSO RUEHNAG RUEHNH DE RUEHKO #1629/01 1980306 ZNR UUUUU ZZH P 170306Z JUL 09 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 4641 INFO RUEKJCS/SECDEF WASHDC PRIORITY RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY RUEAWJA/USDOJ WASHDC PRIORITY RULSDMK/USDOT WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEAIIA/CIA WASHDC PRIORITY RUEKJCS/JOINT STAFF WASHDC//J5// RHHMUNA/HQ USPACOM HONOLULU HI RHHMHBA/COMPACFLT PEARL HARBOR HI RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// RHMFIUU/USFJ //J5/JO21// RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA RUAYJAA/CTF 72 RUEHNH/AMCONSUL NAHA 7638 RUEHFK/AMCONSUL FUKUOKA 5309 RUEHOK/AMCONSUL OSAKA KOBE 9117 RUEHNAG/AMCONSUL NAGOYA 2803 RUEHKSO/AMCONSUL SAPPORO 5828 RUEHBJ/AMEMBASSY BEIJING 0529 RUEHUL/AMEMBASSY SEOUL 6554 RUCNDT/USMISSION USUN NEW YORK 6219

UNCLAS SECTION 01 OF 12 TOKYO 001629

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA; WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE; SECDEF FOR JCS-J-5/JAPAN, DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR; CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: OIIP KMDR KPAO PGOV PINR ECON ELAB JA

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 07/17/09

Index:

- 1) Top headlines
- Editorials
- 3) Prime Minister's daily schedule (Nikkei)

Visit of Assistant Secretary of State Campbell:

- 4) Assistant Secretary Campbell has come to Japan to explain that U.S. will continue to maintain nuclear umbrella for the alliance (Mainichi)
- 5) Assistant Secretary Campbell says there will be regular bilateral talks on the nuclear umbrella, stresses alliance unaffected by Japanese government change (Nikkei)
- 6) Campbell sees five-party talks on North Korea possible, aim is stop its nuclear program while strengthening U.S. deterrence capability (Nikkei)

Defense and security affairs:

- 7) Democratic Party of Japan (DPJ) out of consideration to the U.S. switching stance to allow continued oil refueling mission in Indian Ocean (Mainichi)
- 8) DPJ opting for pragmatic policy line, starting with Indian Ocean refueling mission, but at same time, it is creating wide gulf with Social Democratic Party (Mainichi)
- 9) U.S. high-level official, testifying before Congress, stresses the appropriateness of relocating Marines from Okinawa to Guam (Sankei)

Opinion polls:

- 10) National poll shows increasing number of Japanese are losing self-confidence (Nikkei)
- 11) Jiji poll finds Aso Cabinet support rate a mere 16.3 PERCENT , public support for DPJ exceeds that for LDP (Tokyo Shimbun)

Politics in disarray:

- 12) Attempt by LDP members to change Diet dissolution date fails; Session closed July 21 (Mainichi)
- 13) Joint plenary session of LDP lawmakers put off as party executive balks (Asahi)
 14) Deep fissure in the LDP may not heal easily (Nikkei)
- 15) Finance Minister Yosano urges Prime Minister Aso to name a successor (Nikkei)

Articles:

1) TOP HEADLINES

Asahi, Mainichi, Yomiuri, Sankei, and Tokyo Shimbun: LDP leadership shelving plenary meeting, eyeing informal meeting on July 21; Prime Minister set to dissolve chamber on afternoon of July 21

Nikkei:

Nissan to develop compact hybrids for release on domestic market in 2011

Akahata:

JCP Chairman Shii unveils party position to seek public mandate via general election to set a new course for Japan

2) EDITORIALS

Asahi:

TOKYO 00001629 002 OF 012

- (1) LDP in turmoil must fight against headwind
- (2) Turn Japan into a country where working mothers with preschool children can have peace of mind

Mainichi:

- (1) LDP in agony
- (2) Victims of child abuse on the rise

Yomiuri:

- (1) Eco-car development needs full support
- (2) Former Public Security Intelligence Director-General Ogata receives suspended prison term for fraud

Nikkei:

- (1) Expectation and concern over China's 8 percent growth
- (2) Environmental technology encourages realignment of auto industry

Sankei:

- (1) Hatoyama statement a good chance to review three nonnuclear principles
- (2) Former Public Security Intelligence chief found guilty of defrauding pro-Pyongyang General Association of Korean Residents in Japan

Tokyo Shimbun:

- (1) China's economy recovering, but investments remain risky
- (2) "Smart" power grids essential for increasing solar power generation

Akahata:

- (1) LDP-New Komeito's economic management requires a drastic shift to turn economic crisis around
- 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 16

NIKKEI (Page 2) (Full) July 17, 2009

07:29 Took a walk around his official residence.

09:35 Arrived at Kantei.

11:27 Met with Chief Cabinet Secretary Kawamura.

13:48 Met with Kawamura.

15:27 Met Economic and Fiscal Policy Minister Hayashi, attended by Assistant Deputy Chief Cabinet Secretary Fukuda. Met executives of the economic organization "Zenkoku Sanyu Kai."

16:23 Met executives of his support group "Hokkaido Sojun Kai." 17:28 Met with Upper House member Ichiro Tsukada, followed by LDP Public Relations Headquarters Chairman Furuya.

18:35 Met with Mongolian Prime Minister Bayar.

19:40 Attend signatory ceremony. Hosted dinner party for Bayar.

21:26 Returned to official residential quarters.

4) U.S. assistant secretary of state to visit Japan to explain U.S. policy of maintaining nuclear umbrella

MAINICHI (Page 2) (Full) July 17, 2009

Assistant Secretary of State for East Asian and Pacific Affairs Kurt

TOKYO 00001629 003 OF 012

Campbell, who is responsible for the U.S. Obama administration's Japan policy, came to Japan on July 16 for a three-day visit for the first time since taking office. He will confer with senior Foreign Ministry officials on the Obama administration's security strategy to Asia, including its nuclear deterrence policy following North Korea's nuclear tests, and the U.S. forces Japan realignment issue. He will also meet with Democratic Party of Japan Secretary General Katsuya Okada.

He will take part in a meeting of senior officials of the governments of Japan and the U.S. responsible for foreign relations and defense. He is expected to explain the Obama administration's policy of maintaining the nuclear umbrella under the Japan-U.S. alliance, to Japan, which is increasingly concerned about North Korea. The Obama administration advocates nuclear disarmament.

5) U.S. Assistant Secretary of State Campbell proposes regular talks on nuclear umbrella; Change of administration "will not shake alliance"

NIKKEI (Page 1) (Full) July 17, 2009

U.S. Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell, who is on a visit to Japan, gave an interview to Nihon Keizai Shimbun at a hotel in Tokyo on July 16. He revealed his plan to hold regular consultations between the Japanese and U.S. governments on ways to strengthen the nuclear deterrence provided by the U.S. This will be taken up officially for the first time at the senior level Japan-U.S. security talks starting on July 18. On the political situation in Japan, Campbell said he "deeply trusts the Japanese people and Japan's political system," indicating that whichever political party becomes the ruling party, the foundation of the Japan-U.S. alliance will not be shaken.

Regarding the so-called "nuclear umbrella (extended deterrence)," Campbell stated unequivocally that, "We will do everything possible to guarantee nuclear deterrence for Japan."

Meanwhile, on the alleged secret agreement between the two countries on bringing nuclear arms into Japan, Campbell said he is "unable to comment" and that "I would like to have discussions looking toward the future." With regard to the compatibility of U.S. nuclear submarines carrying nuclear weapons passing through Japanese waters and calling on Japanese ports with the three non-nuclear principles, Campbell said: "I leave (the interpretation) to Japan."

Commenting on the forthcoming election in Japan, Campbell noted that "this could be the most important election since World War II" and added that he "has many friends both in the Liberal Democratic Party and the Democratic Party of Japan," stressing that whatever the shape of the next administration will not be a problem for the maintenance of the Japan-U.S. alliance.

On the relocation of the U.S. forces' Futenma Air Station in Okinawa, Campbell reiterated that, "We will ask for the early

implementation (of the agreement between the two governments on relocation to Camp Schwab)."

Campbell said that the issue of selecting Japan's next main fighter (FX) will be discussed at official talks between bureau chief level officials of Japan and the United States. "We would like to discuss

TOKYO 00001629 004 OF 012

which model is best from a broad perspective."

6) U.S. assistant secretary of state on holding five-party talks on North Korea and preventing DPRK possession of nuclear arms along with strengthening deterrence

NIKKEI (Page 6) (Full) July 17, 2009

Tsuyoshi Sunohara, editorial board member

U.S. Assistant Secretary of State Kurt Campbell stressed on July 16 that simultaneous efforts will be made to strengthen the nuclear deterrence for Japan and prevent North Korea from possessing nuclear arms as part of the process to achieve President Barack Obama's policy goal of a "world without nuclear weapons." Behind this is the concern that the development of nuclear arms by North Korea and Iran may result in anxiety among the major non-nuclear powers like Japan, causing a "domino effect" in the international community in favor of the possession of nuclear weapons.

On the DPRK's nuclear arms development, Campbell said, "The Obama administration will absolutely not condone North Korea's possession of nuclear arms."

Campbell also indicated his plan to hold "five-party talks" by the U.S., China, Russia, Japan, and the Republic of Korea in the near future to discuss the concrete course of action toward the denuclearization of the DPRK.

On the other hand, Campbell pointed out, "If North Korea changes its mind and agrees to negotiate, we are prepared to respond." He indicated that if the time becomes right for North Korea, which is currently in turmoil over the succession of power, to resume dialogue, U.S.-DPRK talks through multilateral venues can be resumed anytime, and diplomatic negotiations toward denuclearization will be stepped up.

As the first step in the Obama administration's quest for a nuclear weapons-free world, the U.S. has agreed to engage in negotiations for substantial nuclear disarmament with Russia. As a next step, the Obama administration attaches great importance to maintaining the "nuclear umbrella" for Japan, a major non-nuclear power which is the only atomic-bombed country. With regard to the persistent calls among certain individuals in Japan for an independent nuclear capability, Campbell said: "This will not be in the interest of Japan's security." This is the reason why he also stated, "Extended deterrence (nuclear umbrella) is more important than ever."

Regarding concrete ways to strengthen the nuclear umbrella, former Secretary of Defense William Perry and other U.S. experts have proposed the concept of nuclear sharing, which the U.S. and the NATO members are implementing, and the "double key" system, which involves the sharing of the control of the nuclear attack button by Japan and the U.S.

Campbell refrained from commenting on this, saying: "The consultations between and the Japanese and U.S. governments (starting shortly) are at an initial stage, so I cannot go into details." Such concrete proposals are likely to be discussed and considered at the regular intergovernmental consultations in the future.

TOKYO 00001629 005 OF 012

expiration of relevant law, out of consideration to U.S.

MAINICHI (Page 2) (Full) July 17, 2009

The Democratic Party of Japan (DPJ) decided yesterday to have the Maritime Self-Defense Force (MSDF) continue the mission of refueling warships from the U.S. and other countries in the Indian Ocean for the time being, if the party takes over the reins of government. In opposing the MSDF mission, the main opposition party voted down the antiterrorism special measures bill aimed to endorse the mission and the bill amending the said law. The party, however, made a policy switch in response to the apprehension officially and unofficially expressed by the U.S. repeatedly about its stance. The about-face reflects its position of attaching importance to Japan-U.S. relations.

The MSDF has been engaged in providing foreign warships with oil and water, based on the revised Antiterrorism Special Measures Law. The law is to expire on Jan. 15 next year. The DPJ intends to have the MSDF continue its refueling mission until the expiration of the law and to confer with the U.S. on an overall strategy, including humanitarian assistance on the ground of Afghanistan. In its policy manifesto for the upcoming House of Representatives election, too, the party will not express "opposition to the refueling mission" although its draft out last October included this wording.

Regarding the MSDF's refueling operation, then president Ichiro Ozawa expressed his opposition to then U.S. ambassador Thomas Schieffer in August 2007, just after his party won an overwhelming victory in the House of Councillors election. Following the opposition camp obtaining a majority in the Upper House, the DPJ raised opposition to the bill amending the antiterrorism law governing the continuation of the mission. Accordingly, the MSDF operation was suspended, but the operation was resumed as the bill was enacted into law through the override vote tactic in the Lower House in January 2008.

8) DPJ to allow continuation of refueling mission, adopting pragmatic policy

MAINICHI (Page 5) (Full) July 17, 2009

The Democratic Party of Japan (DPJ) has decided to allow the Maritime Self-Defense Force (MSDF) to continue its refueling mission in the Indian Ocean for the time being. This issue has been a major stumbling block in the divided Diet since the DPJ won an massive victory in the House of Councillors election in 2007. U.S. President Barack Obama is expected to visit Japan in November. The party's switch to the pragmatic policy line reflects its desire to avoid strains in relations with the U.S. in the event that the party assumes the reins of government.

A senior member of the DPJ Policy Research Council explained about the party's decision to approve the refueling mission:

"We opposed the refueling operation because we had doubted that the provided oil might have been used for the Iraq war. It is impossible to obtain information outside the government. Upon grasping the

TOKYO 00001629 006 OF 012

actual situation, we will continue to discuss the issue until the Antiterrorism Special Measures Law, which endorses the operation, is to expire next January."

If the DPJ assumes political power, the DPJ will focus on economic and other domestic issues and work out citizen-friendly policy measures. The government of the Liberal Democratic Party and the New Komeito failed to come up with satisfactory measures to deal with these issues and resulted in losing public support. Meanwhile, the ruling side has criticized the DPJ's foreign and security policies as inconsistent.

The DPJ's about-face in relations with the U.S. to a pragmatic policy line stems from its desire to avoid giving the ruling camp a

chance to launch an attack on the DPJ over foreign and security policies. A senior party member said: "All of us are fully aware that if Japan-U.S. relations become strained, we will lose everything."

The DPJ criticized the LDP-New Komeito government's stance toward the U.S. as "being totally under the U.S.' thumb," emphasizing the need to pursue a more equal partnership. In the DPJ's policy manifesto for the upcoming House of Representatives election, however, it tones down its conventional tough views on U.S. military bases in Japan, as well as a review of the Japan-U.S. Status of Forces Agreement and host-nation support, in addition to the refueling mission. The party will be asked to explain its proposed "equal Japan-U.S. alliance" in detail.

The opposition camp has a majority in the Upper House. In order to maintain the majority, the DPJ sees cooperation with the Social Democratic Party (SDP) as essential. But the SDP is expected to react fiercely to the DPJ's about-face. In an outline of its manifesto for the Lower House election announced yesterday, the SDP called for the MSDF to immediately withdraw from its refueling mission in the Indian Ocean. On the diplomatic and security fronts, the gap in the stances of the DPJ and the SDP may become wider.

9) Guam relocation appropriate: senior U.S. official

SANKEI (Page 8) (Full) July 17, 2009

Yoshihisa Komori, Washington

A high-ranking official of the U.S. Defense Department clarified in a congressional hearing on July 15 that the U.S. government desires to relocate Okinawa-based U.S. Marines to Guam as planned. "This is an appropriate measure to further strengthen the U.S. military presence in Asia," the Pentagon official said.

The U.S. Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs held a hearing that day on territorial disputes in Asia and other relevant issues. In the hearing, Deputy Assistant Secretary of Defense Robert Scher, representing the Obama administration, answered a question from Democrat Senator Jim Webb, who chairs the subcommittee, concerning a possible reduction in the U.S. military presence in East Asia as a result of relocating Okinawa-based U.S. Marines to Guam.

Scher stated before the subcommittee: "First of all, this relocation, when viewed from the entire U.S. military presence in

TOKYO 00001629 007 OF 012

Northeast Asia, has efficacy to further centralize the forces and will strengthen the entire presence. That is why this is an even more appropriate deployment." At the same time, he also testified: "Secondly, the relocation can place the Japan-U.S. alliance on an even more correct basis."

In his account on the second point, Scher stated: "Concerning the maintenance of our bilateral alliance with Japan, those opposed to that often argue that the United States is not a member of East Asia. However, if we station a sizable number of Marine Corps troops on Guam Island, which is part of the United States' territory, it will clearly show that the United States is a member of East Asia and the Pacific region, both territorially and for security."

The Pentagon official's testimony before the subcommittee means that the Obama administration has now clarified its desire to carry out the Guam relocation as agreed on between Japan and the United States.

10) Japanese still losing confidence: poll

SANKEI (Page 2) (Abridged) July 17, 2009

In the ongoing economic slump, the Japanese public remains unable to break away from their loss of confidence with a strong tendency to

grope for something to believe in. The Institute of Statistical Mathematics (ISM), an outlet under the wing of the Ministry of Education, Culture, Sports, Science and Technology (MEXT), yesterday released the results of its nationwide survey of "the Japanese people's national character," which has been conducted every five years. The survey shows that a total of 57 PERCENT are pessimistic about their future, saying they will be badly off. Younger generations are growing irritated, the ISM says in its report. The ISM conducted the survey last fall when the economic recession was about to spread its repercussions. "Its aftereffects have now become serious," the ISM report says, "so many more people should be feeling uneasy."

According to the survey, a "pessimistic view of society" has rapidly spread over the past two decades. The ISM has conducted four surveys since the economic bubble burst. In the latest survey as well, the loss of confidence still continues.

In the survey, respondents were asked about Japan's economic power. To this question, affirmative answers, "very good" and "somewhat good," added up to 37 PERCENT. This figure is far lower than the 82 PERCENT in 1988. Looking ahead into the future, 57 PERCENT said people would be badly off, up from 47 PERCENT five years ago. Meanwhile, the proportion of those having hope while thinking people will be well off dropped from 14 PERCENT to 11 PERCENT.

One of the features seen in the survey this time is that there is a sharp increase in the number of young people growing irritated, reflecting the nation's social circumstances. The proportion of those who became irritated during a month increased sharply among those in their 20s to 40s. Among those in their 20s and 30s, it topped 60 PERCENT for the first time.

11) Poll: DPJ ranks top in public support; Cabinet support lowest ever at 16.3 PERCENT

TOKYO 00001629 008 OF 012

TOKYO SHIMBUN (Page 20 (Abridged) July 17, 2009

The public approval rating for Prime Minister Taro Aso's cabinet tumbled to 16.3 PERCENT, down 7.8 points from last month, in a Jiji Press poll conducted July 9-12. The figure was an all-time low for the Aso cabinet since its inauguration last September. The disapproval rating rose 7.6 points to 64.2 PERCENT. In the breakdown of public support for political parties as well, the leading opposition Democratic Party of Japan (Minshuto) outstripped the ruling Liberal Democratic Party for the first time since its founding in 1998. The DPJ scored 18.6 PERCENT, up 3.1 points from last month, with the LDP at 15.1 PERCENT, down 3.3 points. Among other parties, the New Komeito party, the LDP's coalition partner, was at 4.6 PERCENT, the Japanese Communist Party at 1.7 PERCENT, the Social Democratic Party at 1.3 PERCENT, and the People's New Party at 0.2 PERCENT. "None" was at 55.7 PERCENT.

In the poll, respondents were also asked who they thought would be appropriate for prime minister. In the public preference for premiership, DPJ President Yukio Hatoyama marked 34.3 PERCENT (down 0.3 points from last month), far above Aso's 15.1 PERCENT (down 8.8 points). In the popularity ranking of political parties for proportional representation in the next election for the House of Representatives as well, the DPJ scored 37.4 PERCENT (up 3.5 points), with the LDP dropping to 19.5 PERCENT (down 5.3 points). The gap has further expanded.

12) Lower House to be dissolved on afternoon of the 21st: General meeting of party lawmakers in both Diet Chamber is off

MAINICHI (Top Play) (Full) July 17, 2009

Prime Minister Taro Aso on July 16 firmed up his intention to dissolve the Lower House on the afternoon of the 21st. He will announce his stance of going all out for the Lower House election, after making a general overview of the losses in local elections,

including the recent Tokyo Metropolitan Assembly election, by holding an informal meeting joined by lawmakers belonging to the Liberal Democratic Party. Former LDP secretary general Hidenao Nakagawa has been calling for holding a general meeting of party lawmakers in both Diet chambers before Lower House dissolution. However, the prime minister has decided to hold the Lower House election on August 30 as planned.

Noting that the party will hold an informal lawmakers meeting instead of the general meeting, a senior government official on the evening of the 16th revealed a schedule, "Prime Minister Aso will give a general overview on the defeats in local elections, including the Tokyo election, to lawmakers belonging to the LDP and then call on party members to do their utmost in concert in the run-up to the Lower House election."

The LDP executive has also determined that if many anti-Aso members criticize the prime minister at a general meeting, it could lead to tarnishing the image of the party. It has thus decided not to hold a general meeting, since holding such could invite an unanticipated situation, such as the making of a motion calling for advancing the date of the LDP presidential election. Nakagawa and some other LDP members submitted a list of 133 signatories of LDP lawmakers calling for the holding of a general meeting of the party's lawmakers. On

TOKYO 00001629 009 OF 012

the afternoon of the same day, he announced that the number of signatories had reached 135 with some dropped from the list and others added to it later. However, the party executive has already reconfirmed the intention of each lawmaker on the signatory list. Chairman Masatoshi Wakabayashi of the general assembly of LDP lawmakers from both Diet chambers said, "The final number may fall below (128, which is the threshold for demanding a general meeting, according to party rules)."

Nakagawa and other signatories are still calling on the holding of a general meeting. Meanwhile, former State Minister for Administrative Reform Genichiro Sata and Lower House member Asahiko Mihara have indicated their intention to have their names dropped from the list.

Vice Election Committee Chairman Yoshihide Suga on the 16th told reporters in Tokyo: "Tokyo Metropolitan Assembly members are saying, 'It is time for the LDP to act in concert.' I as a person responsible for election campaigns must give consideration to such a voice."

Former Chief Cabinet Secretary Nobutaka Machimura of the LDP Machimura faction on the evening of the 16th gave a speech at a meeting in Tokyo. He criticized the movements of Nakagawa and others, saying, "Some people are trying to show the people that the LDP is disunited, at a time when the party needs to unite in order to win a tough election, while supporting Prime Minister Aso. This is very regrettable."

13) LDP leadership shelving plenary meeting, eyeing gathering with no voting power

ASAHI (Top play) (Abridged slightly) July 17, 2009

The Liberal Democratic Party (LDP) leadership decided yesterday to hold what is temporally called a gathering of the party members of both houses of the Diet (ryouin giin konwakai) on July 21 in which Prime Minister Taro Aso will reexamine the results of a series of local elections and announce his resolve for the upcoming House of Representatives election, instead of holding a joint plenary meeting of the party members of both houses of the Diet, which has been called for by former Secretary General Hidenao Nakagawa and others. The gathering will be immediately followed by a Lower House plenary session in which the Prime Minister will dissolve the chamber to pave the way for an Aug. 18 announcement of an Aug. 30 general election. Nakagawa and others are still calling for a joint plenary meeting, however. Finance Minister Kaoru Yosano, too, is calling for a plenary meeting while staking his job on it. There is an observation that the matter will escalate into the question of Prime

Minister Aso's resignation.

After responding positively to a signature-collection drive led by Nakagawa and others seeking a plenary meeting, Yosano again indicated that he might not sign a Lower House dissolution document unless the Prime Minister reexamines the party's defeats in the series of local elections at a plenary meeting. He said, "Now that (the necessary) signatures have been collected, the LDP, which prides itself on proceeding with democratic procedures, must hold (a plenary meeting)."

Reportedly, when he met with the Prime Minister at his official

TOKYO 00001629 010 OF 012

residence (Kantei) on July 15, Yosano told Aso of the need to reexamine the severe situation surrounding the upcoming general election and the latest Tokyo Metropolitan Assembly election with a determination to stake his job. But according to a lawmaker close to Yosano, the Prime Minister did not take his advice seriously, further disappointing the finance minister. Some in the government and the ruling coalition now fear that Yosano might resign from the cabinet post.

Yosano met with former Internal Affairs and Communications Minister Kunio Hatoyama yesterday evening, and the two shared the view that if this situation persists, the general election will result in a harsh outcome. An LDP executive wants to calm the storm by keeping Yosano in the cabinet, who has been backing the Prime Minister by, for instance, crafting economic policies for the upcoming general election.

The LDP leadership is dismissive of holding a plenary session for fear of a proposal for making changes to a party role to allow an early LDP presidential election, thereby fueling the unseat-Aso drive.

As such, the LDP leadership plans to hold a meeting of the LDP members of the two houses of the Diet without voting power on the morning of July 21 to calm down the turmoil in view of the persistent view that the Prime Minister should speak of his reflection on the recent local elections ahead of dissolving the Lower House.

At the planned meeting, the Prime Minister is expected to sum up the results of the local elections, discuss the aim of the planned Lower House dissolution and his resolve to go into the general election. Aso plans to dissolve the Lower House at its plenary session to be held immediately after the meeting to pave the way for the Aug. 30 general election.

A list of signatures collected from 133 members - over one-third of the LDP lawmakers (128) that is necessary for holding a plenary meeting - was submitted (to the party leadership) yesterday. Former secretaries general Tsutomu Takebe and Koichi Kato, who are critical of Prime Minister Aso, also played a central role in the signature-collection drive.

But alarmed at the dump-Aso movement, the party leadership applied pressure on LDP members in collaboration with major factions. As a result, member after member withdrew their signatures. The list includes the signatures of over 30 members of the Tsushima faction, the second largest in the party. The faction suggested a plan to have its members remove their signatures if there is a possibility that the LDP presidential election will be moved up.

The party leadership does not think the number of signatures will reach 128. It plans to announce on July 17 that the drive failed to collect the required number of signatures after closely examine the authenticity of each signature.

14) Widening gulf in LDP

NIKKEI (Page 2) (Abridged slightly) July 17, 2009

Former Liberal Democratic Party (LDP) Secretary General Hidenao Nakagawa submitted yesterday to LDP Secretary General Hiroyuki

Hosoda a list of more than 130 signatures of party members calling for a joint plenary meeting of LDP lawmakers from both houses of the Diet. The LDP leadership has launched coordination with an eye to holding on the morning of July 21 an "informal joint meeting," which does not have the right of making such decisions as an early party leadership election. However, Nakagawa and his followers have strongly reacted to such an idea. As Prime Minister Taro Aso has not budged from his decision to dissolve the House of Representatives on the afternoon of July 21, the tug-of-war in the LDP is at a critical juncture.

The joint plenary session is the second largest decision-making occasion, following the party's convention. The LDP's rule stipulates that more than if one-third (128) of the LDP members call for a joint meeting, a session should be held within a week.

After wrapping up a meeting last night with about ten lawmakers in favor of holding a joint session, Nakagawa told reporters in a strong tone: "There is a list of signatures of 135 LDP members. It is not true that those who signed their names are rescinding their decisions." He today will ask again the party leadership to hold a joint plenary session. He also revealed that he would ask Lower House Steering Committee Chairman Kenji Kosaka not to set a Lower House plenary session for the dissolution of the lower chamber.

Former Prime Minister Junichiro Koizumi said yesterday to former Defense Minister Yuriko Koike: "Prime Minister Aso should attend a joint plenary session. I think it would be a good chance for him to tell LDP members and the public his determination for the next election."

Meanwhile, Hosoda met last evening with the secretaries general of LDP factions at party headquarters, and they agreed to hold an informal joint session in order to resolve the issue.

Since the informal meeting has no right to adopt important measures such as revising party rules, the LDP leadership is motivated to a desire to contain unexpected developments, including a call for moving up the presidential race. Nakagawa, however, made this comment on the party leadership's plan: "Since it is a hypothetical situation, we have not discussed it yet." He has kept his option open. So, it is uncertain whether the LDP leadership can secure understanding of the anti-Aso group.

The list of signatures of 135 members includes not only anti-Aso group members but also LDP members who have close ties with Aso. Nakagawa and another former Secretaries General Tsutomu Takebe and Koichi Kato, calling for Aso's resignation, are considering submitting a petition to revise the party rules so that the presidential race will be able to be carried out earlier than due.

Meanwhile, LDP lawmakers who want to make a joint plenary session an occasion to hear Aso's frank view and confirm party unity for the general election, are perplexed at the anti-Aso movement led by Nakagawa. When Masatoshi Wakabayashi, chairman of the Joint Plenary Meeting of Party members of Both Houses of the Diet, checked the list of 135 signatures, there names of members who had withdrawn their signatures, with one saying: "I have no intention to unseat Aso." A senior major faction member has launched an effort to stifle

the anti-Aso group, citing the turmoil in the party will have only negative effect on the Lower House election.

TOKYO 00001629 012 OF 012

15) Yosano advises Aso to pick his successor

NIKKEI (Page 2) (Excerpts) July 17, 2009

Finance Minister Kaoru Yosano and Agriculture, Forestry and Fisheries Minister Shigeru Ishiba met on July 15 with Prime Minister

Taro Aso. In the meeting, Yosano advised Aso to pick his successor, it was learned yesterday. A lawmaker who has close ties with Aso revealed this news. Yosano's aim was to put an end to the turmoil in the Liberal Democratic Party (LDP) by letting Aso choose his replacement to lead the LDP into the next House of Representatives election. However, it could also be said that Yosano was urging Aso to voluntarily resign as prime minister. Since Aso has stepped up criticism of the LDP executives, the rift between Aso and Yosano has deepened.

Yosano met yesterday with LDP Policy Research Council Deputy Chairman Hiroyuki Sonoda and Lower House member Masazumi Gotoda in the Finance Ministry. After that, he visited the private office of Kunio Hatoyama, who was dismissed from the post of internal affairs and communications minister over the issue of reappointment of Japan Post President Yoshifumi Nishikawa.

Aso told Hatoyama: "I have no intention to team up as a group." Hatoyama, however, said to the press corps: "We share the view that we should find a way to win (the general election). The LDP will not win even if the party unites under Prime Minister Aso's leadership."

Yosano yesterday criticized the LDP leadership:

"A joint plenary meeting is an important venue at which of party members of both houses of the Diet can join together to make decisions. The party executives must think carefully before trying to split it up."

Ishiba, appearing on a commercial television program yesterday, said: "I will make the right decision when I sign" the petition. He did not make his position clear like Yosano did. However, he told reporters: "We should fight in the Lower House election under Mr. Aso's leadership, and that is what I hope to do."

POST